

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

DOMENIC J. F. RUSSO, *Chairman* | A. JOSEPH DeNUCCI, *Vice Chairman*
KENNETH J. DONNELLY | JAMES M. MACHADO | DONALD R. MARQUIS | THOMAS TRIMARCO

JOSEPH E. CONNARTON, *Executive Director*

October 4, 2006

TO WHOM IT MAY CONCERN:

In accordance with the provisions of Chapter 30A, § 11A 1/2 of the General Laws, as amended, notice is hereby given of the following Public Employee Retirement Administration Commission Investigative Hearing to be held at the One Ashburton Place, 21st Floor, Conference Room 1 and 2, Boston, MA on October 11, 2006 at 10:00 AM and will continue if necessary in Conference Room 3 on October 12, 2006 also at 10:00 AM. A copy of the Notice is attached.



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NOTICE OF INVESTIGATIVE HEARING

Pursuant to G.L. c.32, s. 23(4), the undersigned designee of the Public Employee Retirement Administration Commission (PERAC) will conduct an investigative hearing on October 11, 2006 at Conference Rooms 1 and 2, 21st Floor, One Ashburton Place, Boston, MA. The investigative hearing will begin at 10:00 A.M. on October 11, 2006 and will continue on October 12, 2006, if necessary, in Conference Room 3 on the 21st Floor, One Ashburton Place, Boston.

The purpose of the hearing is to accept additional information, documents, and testimony with respect to the Temporary Order issued by PERAC on June 12, 2003 relating to the relationship between the Middlesex Retirement Board (MRB) and/or its predecessor, the Middlesex County Retirement Board, and Cambridge Financial Management Inc. (CFM) and to assist the Commission in the ongoing investigation to determine whether the investment and recordkeeping practices of retirement boards are being conducted with reasonable care, skill, prudence or diligence and to determine whether final orders shall be issued by PERAC that would rescind, modify, or incorporate the Temporary Order issued on June 12, 2003 and amendments thereto.

For purposes of this hearing, the "investment practices of the Massachusetts retirement systems" shall include the actions of board members and staff of the retirement systems established pursuant to the provisions of G.L. c. 32, and the actions of individuals, firms or other entities in providing services to the retirement board and retirement systems pursuant to contracts or other agreements.

The following are general areas of inquiry pertaining to this matter would include, but not be limited to:

The relationship between the Massachusetts Contributory Retirement Systems and firms referenced in the Temporary Order(s) regarding actions, omissions, investment activity and statutory compliance. Some areas of focus would include:

- (1) the manner and methods by which custodians, consultants, and investment managers establish the value of the holdings of each portfolio account;
- (2) disclosure by custodians, consultants, investment managers, and other vendors of any and all compensation that has been, is being or will be paid, in whatever form and to whatever party that relates in any way to the services provided to the retirement board;



- (3) disclosure of any and all compensation that has been, is being or will be paid by a party that receives compensation from a vendor to a board or a prospective vendor to a board for marketing or consulting services that either directly or indirectly relate to said vendors providing or seeking to provide services to retirement boards;
- (4) monitoring of the management of accounts by retirement boards and consultants;
- (5) disclosure and monitoring of relationships between vendors and other parties providing services related to the investment activity; and,
- (6) the duty of various parties to cooperate with duly authorized investigations and the level of cooperation of various parties in the investigations of the MRB/CFM matter.

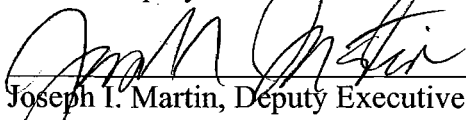
Oral presentations will be accepted at the investigative hearing. Presentations should be limited to 15 minutes in length and efforts should be made to further limit remarks that are duplicative in nature. Persons wishing to make oral presentations during the investigative hearing should notify the Commission's designee, Joseph I. Martin at the Public Employee Retirement Administration Commission, 5 Middlesex Avenue, 3rd Floor, Somerville MA 02145, in writing no later than October 2, 2006. An agenda showing the tentative scheduling of speakers will be completed and available at the hearing.

It is anticipated that representatives of the retirement boards will be allowed to make oral and written submissions when the hearing convenes. After these presentations are completed, oral and written submissions will be accepted from representatives of other interested persons or entities. There is no need to provide us with information previously submitted.

Persons wishing to submit written comments for inclusion in the record of the investigative hearing should deliver such comments in duplicate, no later than 5:00 P.M. on October 18, 2006 to:

Public Employee Retirement Administration Commission
5 Middlesex Avenue
3rd Floor
Somerville MA 02145

Public Employee Retirement Administration Commission



Joseph I. Martin, Deputy Executive Director

Dated: August 22, 2006